

DEPARTMENT OF TRANSPORTATION

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: December 11-12, 2002

Reference No.: 4.7
Action Item

From: ROBERT L. GARCIA
Chief Financial Officer

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Chief
Division of Budgets

Ref: **SIX-MONTH ESTIMATE OF LOAN CAPACITY UNDER AB 1012,
RESOLUTION G-02- , AMENDING G-02-11**

ISSUE:

AB 1012 requires that twice a year, on January 15 and July 15, the California Transportation Commission (Commission) adopt projections of funding availability and the period of time during which the funds will be available. The Department of Transportation (Department) presented funding availability to the Commission at the June 2002 meeting. The Commission adopted Resolution G-02-11 recommending that no loans be considered due to the projected ending cash balance of \$81 million and economic conditions.

Given the current economic condition and the projected low cash balance, any loans may jeopardize funding of the Department's daily operation. Therefore, the Department continues to recommend that no loans be considered.

However, upon receiving a loan request and assessing the impact to the cash balance at that time, the Department will present the loans to the Commission for their consideration during the loan approval process.

RECOMMENDATION:

The Department recommends the California Transportation Commission adopt the loan strategy as presented above.

BACKGROUND:

AB 1012 (Chapter 783, Statutes of 1999) established a program to loan unallocated funds from the State Highway Account (SHA) to transportation planning agencies, county transportation commissions, transit districts, city and county governments, and local transportation authorities. These loans are to be made available for the advancement of projects eligible under the State Transportation Improvement Program (STIP) and that are included within an adopted Regional Transportation Plan (RTP). Loans are limited with a maximum of \$500 million to be outstanding at any one time, with a maximum loan of \$100 million per county. Loans are to be repaid within four years.

**CALIFORNIA TRANSPORTATION COMMISSION
State Highway Account Loan Program
Estimated Loan Capacity under AB1012**

Resolution G-02-__, Amending Resolution G-02-11

- 1.1 WHEREAS, Section 14529.6 of the Government Code (GC) was added by Chapter 783 of the Statutes of 1999 (AB 1012, Torlakson), hereinafter referred to as “the act”, and
- 1.2 WHEREAS, GC Section 14529.6 establishes a loan program to advance unallocated funds from the State Highway Account for the advancement of projects eligible under the State Transportation Improvement Program (STIP) that are included within an adopted regional transportation plan, and
- 1.3 WHEREAS, the California Transportation Commission (Commission) is required by the act to adopt, in January and July of each year, a projection of funds that may be available to be loaned and the period of time during which funds will be available, and
- 1.4 WHEREAS, the act directs Caltrans to report to the Commission, prior to adoption of a projection, the cash-flow needs for the STIP for the following six months, and
- 1.5 WHEREAS, at the December 2002 Commission meeting, Caltrans presented the potential loan strategy of no loans, and
- 1.6 WHEREAS, the Department cannot make any loans without jeopardizing funding of the Department’s daily operations.
- 2.1 NOW THEREFORE BE IT RESOLVED that the California Transportation Commission does hereby adopt the strategy of no loans, and
- 2.2 BE IT FUTURE RESOLVED that the Department will present all loan applications, to the Commission for their consideration during the loan approval process, at such time as applications are received.